TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL MEMORANDUM

HB 536 - SB 500

March 12, 2022

SUMMARY OF BILL AS AMENDED (014332): Authorizes all dealers, when reporting and remitting sales taxes to the Department of Revenue, to retain a certain portion of such state taxes in order to compensate for costs incurred in accounting for and remitting such taxes, during the period of time beginning July 1, 2022, and ending June 30, 2023. Limits the deduction to a maximum of $25 per report. Requires an amount equal to the excess of the amount calculated by the formula provided under current law, over and above the $25 limit, to be deposited in the General Fund.

ESTIMATED FISCAL IMPACT OF BILL AS AMENDED:

Decrease State Revenue - $11,043,000/FY22-23

Assumptions for the bill as amended:

- The proposed authorization will only impact sales taxes remitted in FY22-23.
- Pursuant to the language of this legislation, any amount in excess of the 2.0 percent up to $2,500 and 1.15 percent of the amounts greater than $2,500, over and above the $25 dollar maximum, must be retained by the state and deposited in the state's General Fund. This provision will not significantly impact the state or local sales tax allocations.
- Based on information from the Department of Revenue (DOR), the decrease in state revenue as a result of changing the sales and use tax filing formula is estimated to be $10,517,136 based on FY21-22 tax collection estimates.
- According to the Fiscal Review Committee staff estimates, sales tax revenue growth is estimated to be 5.00 percent in FY22-23; therefore, the decrease in state revenue as a result of the proposed legislation will be $11,042,993 ($10,517,136 x 1.05) in FY22-23.
- The proposed legislation will not impact local government sales tax collections.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Krista Lee Carsner

Krista Lee Carsner, Executive Director

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